

# Weekly Economic Review

## Home prices on the rise

### Resale housing

#### Activity remains strong

The Alberta housing market showed continued strength in July with sales up 4.8% over the same month last year and new listings up 9.3%. This keeps the sales-to-new listings ratio in the seller's territory at 0.63. Calgary continues to drive the Alberta housing market with sales up 5.0% year-over-year (y/y). Even with the robust growth, a rush of new listings in Calgary caused the sales-to-new listings ratio to fall to 0.68. Edmonton's market has showed less strength, with sales slightly lower (-0.7%) than a year ago.

By a number of different measures house prices in Alberta have shown strength. House prices rose 8.2% y/y in Calgary and by 3.7% in Edmonton according to the Teranet-National Bank house price index. Meanwhile, the average selling price for an existing home in Alberta was 4.6% higher than a year ago.

### Housing starts

#### Starts settle after June's surge

Alberta had 34,475 (annualized) housing starts, 3.5% lower than a year ago. Some starts were likely pulled forward into June, a month when starts spiked by over 50,000. Year-to-date housing starts are still strong at 39,510, 8.9% higher than the same period last year. The source of June's spike and this July's drop in housing starts stems from urban multi-family housing starts, which are naturally volatile. At the municipal level, Edmonton posted 0.6% y/y growth in housing starts, after double digit negative growth for the previous five months and Calgary housing starts have come down to a more sustainable level after rocketing last month.

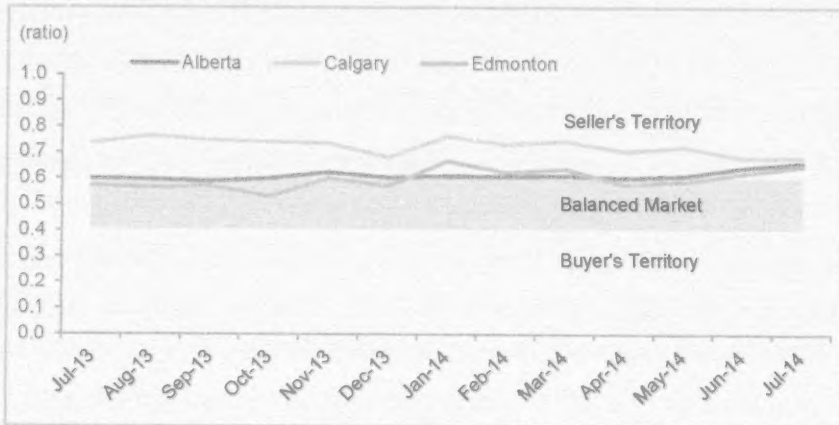
### New Housing Price Index

#### Calgary leads price gains

Alberta house prices continued their ascent with the New Housing Price Index for Alberta increasing by 3.4% y/y in June. The price of land rose 2.1% in Alberta, while excluding land costs, home prices rose 4.1%. Growth in Calgary remains strong with prices up 7.3% in June, while in Edmonton prices remain essentially flat.

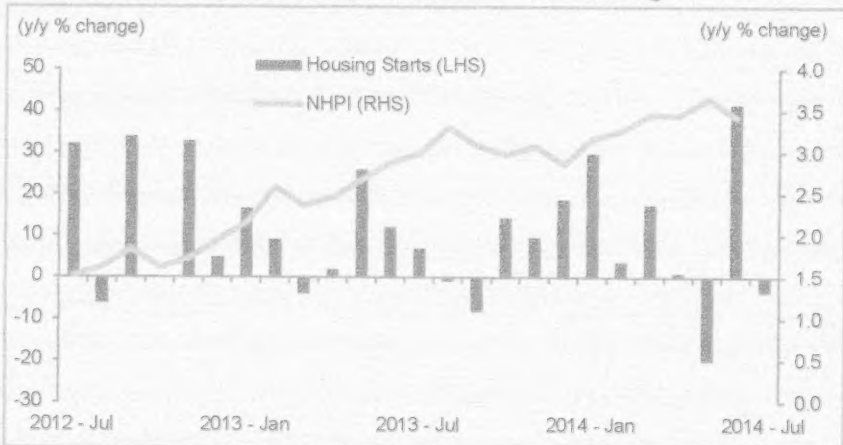
Chart 1: Alberta's housing market continues to be tight

Sales-to-new listings ratio



Source: Canadian Real Estate Association

Chart 2: New house prices continue to grow while housing starts take a break  
Year-over-year change in housing starts and the New Housing Price Index



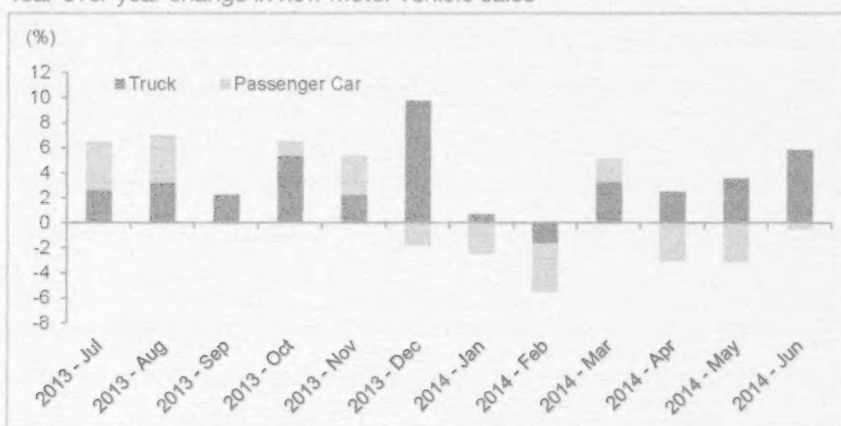
Source: Canada Mortgage and Housing Corporation, Statistics Canada

## Manufacturing Shipments

### Petroleum and food lead growth

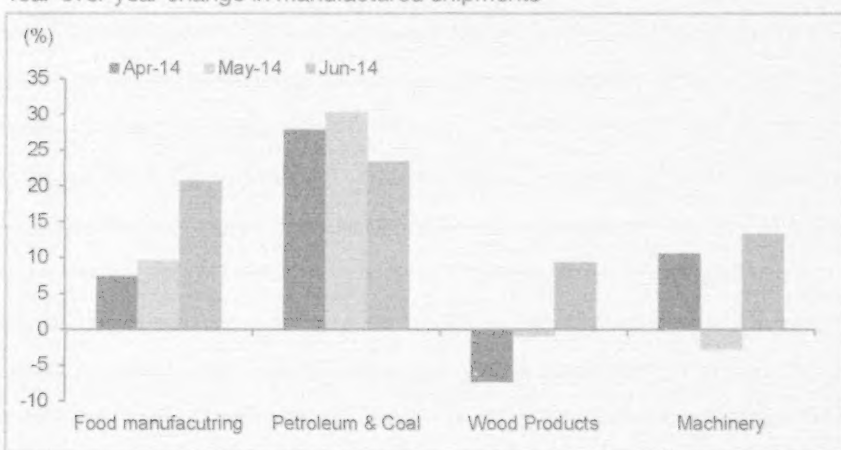
Shipments of manufactured products increased 13.6% y/y in June, jumping 4.7% from May. Sales of petroleum and coal products led growth, rising 23.4% year-over-year. Over the first half of 2014, petroleum and coal shipments are up 21.7% over the first half of 2013. With meat prices up substantially over last year, food manufacturers saw sales climb 20.7% y/y, the highest growth in 10 years. Machinery manufacturing has grown steadily through the first six months of the year, following low growth in 2013. Year to date, manufacturing shipments are up 9.6%, the highest growth among the provinces.

Chart 3: Sales in trucks buoys growth in new motor vehicle sales  
Year-over-year change in new motor vehicle sales



Source: Statistics Canada

Chart 4: Food and petroleum & coal products lead growth  
Year-over-year change in manufactured shipments



Source: Statistics Canada

## Construction Price Indexes

### Construction costs contained

The cost to construct new buildings in Alberta continued to increase at a modest pace, with residential construction costs in the second quarter 2.1% higher than a year ago and non-residential construction costs 2.0% higher. This is less than the rate of Alberta's consumer price inflation. The apartment construction cost index, a proxy for residential construction costs, increased 2.0% in Edmonton and 2.1% in Calgary. The highest cost increase for non-residential construction occurred in Edmonton's industrial sector where costs increased by 2.8%, pushed up by increases in the structural and electrical trades.

## New Motor Vehicle Sales

### Sales still truckin' along

New motor vehicle sales in June were up 5.4% y/y, led by a 7.9% increase in truck sales (Chart 3). In dollar terms, sales were up 12.5% y/y, the highest growth since October. Unit sales of new vehicles over the first half of 2014 are roughly in line with the same time last year, up 0.9%.

## Labour Force Survey

### Employment figures revised

Statistics Canada has re-released labour force data for July, after an error was spotted in the previous release, which came out last week. Alberta employment edged back by only 1,500 jobs in July, not the previously reported 4,500, and the unemployment rate was 4.7%, not 4.5%. Nationally, Canada added 41,700 jobs, instead of the 200 that was initially reported. For more information see August's *Labour Market Notes*.

## Contact

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.